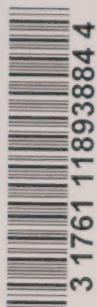


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State of the GTA 2000

EXECUTIVE SUMMARY



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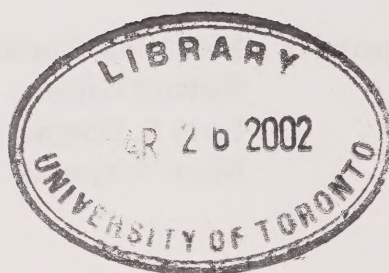
State of the GTA
2000
EXECUTIVE SUMMARY

Prepared by: Metropole Consultants
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Larry S. Bourne
Meric S. Gertler

for the

Greater Toronto Services Board

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Executive Summary

Key Conclusions of the Report

The good news

In sum, the region has been performing well on a number of fronts. High levels of population growth demonstrate that this is a desirable place to live, and performance on a range of economic indicators positions us well for the future, following a dramatic and difficult restructuring in the late 1980s and early 1990s.

Many social indicators show improvements, such as those reflecting health, education and safety. And there is positive news on some environmental indicators – reduced waste per capita, and lower levels of certain air pollutants, for example.

On the other hand, other areas show little improvement on past trends – these are the “ongoing problems.” And some potentially serious issues are arising – the “emerging issues.” The analysis has also exposed things that are not issues at the moment, but from a strategic point of view are essential to monitor and prepare for – the “potential vulnerabilities.”

Ongoing problems

Low density, primarily greenfields development is an ongoing problem, particularly given the rapid population and employment growth being experienced in the GTA. In the face of an additional two million inhabitants in the next two decades, action must be taken immediately to achieve more efficient, compact urban form.

Attention should be directed to include a much stronger focus on the causes of sprawl, so that its impacts can be properly addressed in policy and planning.

Current development patterns are of course closely linked to transportation. The analysis undertaken in this report, along with other analyses, clearly point to an impending transportation crisis in the GTA if urban development continues in its current form, and remains unaccompanied by adequate investment in transportation infrastructure and by actions to restrain the growth in road traffic.

It is especially important from a sustainability perspective that significant investments be made in support of alternatives to the automobile, particularly in transit improvements. In addition, the areas of freight transportation and non-commuting auto trips should be addressed much more urgently. These currently ignored areas are where rapid growth is taking place, along with the associated negative impacts.

Urban form and transportation issues are, in turn, closely linked with another ongoing issue – smog. While other elements of air quality have shown improvement in recent years, no such amelioration is evident with respect to smog. Seriously addressing urban form and transportation must be part of a strategy for smog reduction.

Other ongoing issues include rental housing affordability and availability. Aside from the obvious quality of life implications, not addressing this issue may have serious implications for the long term stability of the Toronto economy, if adequate housing cannot be provided for low-income workers.

Finally, there is a need to find more enduring solutions to the garbage issue, with some focus on reducing the initial generation of waste and on securing better information about commercial and industrial waste.

Emerging issues

One special area of concern identified in the above analysis is increasing economic, social and geographic polarization within the region.

While not yet at extreme levels, particularly compared to other global cities, the evidence presented above regarding increasing income polarization, diverging incomes between inner and outer areas of the region, and increasing neighbourhood homogeneity should be treated as an early warning sign. These are not positive trends.

It is important to recognize that as the region continues to grow and mature over the coming years, these trends will not be confined to inner areas, but will ripple outwards as what are now newer neighbourhoods age and become more “inner” in the context of an expanding urban region.

Increasing social tension, creation of areas of deprivation and disinvestment, and increased crime are all potentially associated with a continuation of these trends. Aside from the obvious social impacts, they could have serious implications for the sustained vibrancy of the Toronto economy as a place to invest, live and do business.

A second emerging issue is increasing social dependency. This is an inevitable result of an aging population. We can expect the impacts to kick in when or just before the leading edge of the baby boom hit 65 years of age, in just over a decade from now. There are important implications for service provision, municipal finance, housing and transportation that must begin to be addressed.

Potential vulnerabilities

Finally, the above analysis has pointed to some potential vulnerabilities. We need to develop strategies for dealing with these issues, which could have transformative implications for the GTA. They include our vulnerability to significant energy

price increases, given our high levels of energy use for transportation and for heating and cooling buildings and our near-total dependence on energy imported into the GTA.

A second area of vulnerability is any change to federal immigration policy – increases or decreases – given that growth in the region is almost completely dependent upon international immigration.

In any event, it is clear that the continued future prosperity of the GTA will depend on several key determinants: its ability to produce, attract, and retain well-educated and talented labour; the quality of its natural and built environment; its continued success at balancing social diversity and harmony while minimizing socio-economic polarization; the vibrancy of its cultural life and institutions; and the quality and supply of infrastructure supporting transportation and communications.

Future Analysis

It is important to note that many of the data presented in this report – though the most recent available – are not recent enough to capture the effects of important changes made in the latter half of the 1990s. In addition, many important data are not available at the GTA level. We expect that these changes will have produced some dramatic results affecting the social, economic and environmental conditions in the GTA. We need much better and more up-to-date data at the GTA level.

The Context for State of the GTA Reporting

This is a critical time. The Greater Toronto Area, like other city-regions around the world, is in the midst of an economic and technological revolution. We are seeing the emergence of a global, electronic economy and a new GTA culture. The Toronto region must compete with other city-regions for its skilled labour, investment, jobs, and markets. Sustainability is becoming integral to everyday living.

Environmental awareness and action are coming to the fore with issues such as water quality, air quality, and protection of the Oak Ridges Moraine directly affecting GTA residents' lives.

Underlying all of this is quality of life. Quality of life is increasingly central not just to how well we live on a daily basis, and our future prospects, but also to the economic, social and environmental future of the region as a whole.

State of the Region reporting addresses the quality of life in the GTA. It measures things that directly affect our daily experience of living in this region – things like employment, an equitable regional society, safety, clean air to breathe and traffic congestion. But State of the Region reporting also puts these issues in the broader context of economic, social and environmental change.

More than ever, we need to understand what changes are underway in the region and what is driving those changes. This is essential in order to determine how to respond effectively – in terms of planning, policy, investment, strategy, or specific projects. It points to effective action at all levels – local, regional, provincial and federal.

This is why we have used a “causal” framework for the State of the GTA in 2000 report. It is very powerful because it can not only monitor what is going on, but also attempts to identify why and how those changes are taking place – what causes are behind them and what forces are shaping our region.

Nevertheless, it is important to keep in mind that indicators provide only a quick snapshot of an often complex picture. They can provide useful information and monitoring, but should be considered the beginning of detailed analysis, not the culmination of it.

This *State of the GTA in 2000 Final Report* includes analysis undertaken in and builds on the *State of the GTA in 2000 Phase 1* report, which was completed in September 2000. The Phase 1 report focused on the identification of indicators which reflect

outcomes. Phase 2 expanded the analysis of outcomes, and addressed the underlying *causes* of GTA-wide outcomes. This report draws together the work of both phases. It lays a foundation for future reports, to be conducted every three years, with the next full report in 2003.

Population Growth

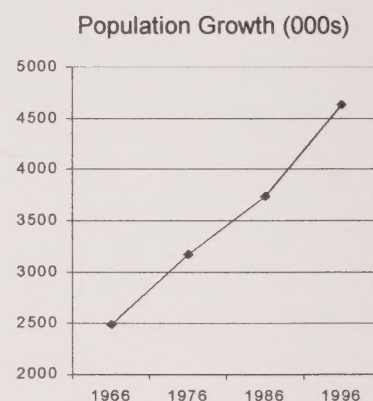
A sustained high rate of population growth is one of the GTA's defining features. The region's population roughly doubled in the last three decades, from under 2.5 million in 1966 to over 4.6 million in 1996. Current estimates point to a population of close to 7.0 million in 2021. Indeed, Toronto is one of the fastest growing cities in North America.

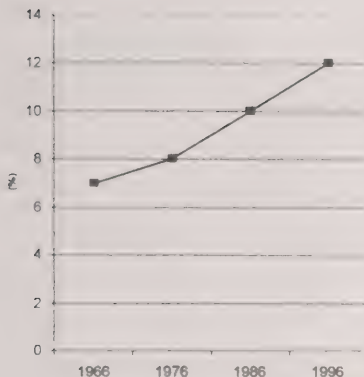
The nature of population growth has also changed considerably in recent years. As birth rates have continued to decline, immigration has become the driving force behind the region's population growth. By the 1990s, immigration represented over 94 per cent of regional population growth. Immigrants now account for over 40 per cent of the GTA population.

This pattern of growth makes Toronto one of the most diverse metropolises in the world. By and large, the Toronto region has done an exceptional job at absorbing the diverse range of new immigrants.

Nevertheless, there are a number of issues related to immigration. These include providing services such as language training, accessible and affordable housing and job opportunities.

It is also clear that growth patterns in the region are highly dependent upon federal immigration policy – any sudden changes in these policies will have dramatic impacts on growth in the region. Indeed, high immigration rates continued through the early to mid-1990s, even when the regional



% GTA Population
Older Than 65

economy was in a relatively deep recession and unemployment rates were high.

A final key characteristic that shapes the Toronto region today and into the future is the aging of the population. As the baby boom generation continues to age and birth rates fall, the proportion of the population aged 14 and under and over 65 has increased. These two age cohorts are particularly important as indicators of social change because they define the social dependency level, and thus the costs of social service provision. Since the mid-1980s, however, these groups have accounted for a sharply growing share of the population, largely because of the growing elderly population.

The Economy

The GTA's economy is the largest metropolitan economy in Canada. As of 2000, over 2.6 million GTA residents held jobs. The output of the regional economy was placed at \$171 billion in 1999, making Toronto's output larger than that of every other province except Quebec.

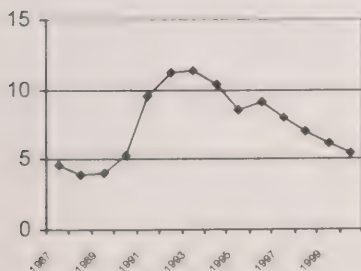
Since the late 1980s, the Toronto region has experienced a massive restructuring as a result of factors such as NAFTA, the recession of the early 1990s, and the broader transition to a global, digital economy.

The late 1980s and early 1990s were characterized by the loss of jobs – almost 150,000 jobs were lost in the early part of the decade – particularly in the manufacturing sector.

Since around 1993 or 1994, we began to see improvement on a number of economic fronts. Employment levels began to climb, and unemployment rates began to fall. As of December 2000, the unemployment rate stood at 5.8 per cent in the Toronto CMA, compared to 6.8 per cent for Canada.

The makeup of the regional economy has been changing as a result of the restructuring toward a global digital economy. Traditional sectors have declined, and higher valued-added

GTA Unemployment Rate



activities, such as advanced manufacturing, financial services, business, scientific, cultural and technical services have grown steadily since 1994. Entirely new industries have emerged, such as computer hardware, software and the multimedia sector.

Other indicators suggest that the Toronto region is now transitioning well to the global digital economy. R&D funding to universities, which affects the long term potential of the economy, is up substantially since 1993. The number of patents registered in the GTA – an indication of the innovative capacity of our economy – is also up in recent years, though it has not regained levels achieved in the early 1990s.

Education levels have also continued to improve since 1986. Given that the global economy is driven by knowledge, innovation and other intellectual capability (creativity, know-how, skills, etc.), this bodes well for the long term well-being of the regional economy.

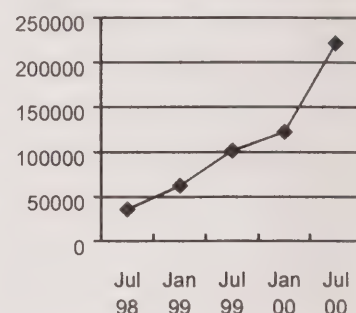
At the same time, the apparent decline in foreign-based headquarter activity raises some questions about the continuing attractiveness of the region as an investment site.

Community Affordability

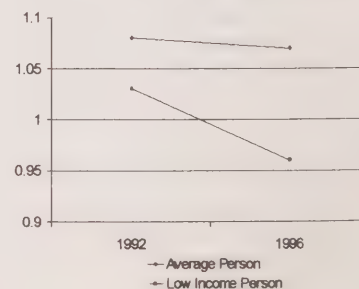
The livability of a community is judged, in part, by whether it is affordable to those who live there. Community affordability can also affect the long-term sustainability of the regional economy – a region in which workers cannot afford to live is likely to see the departure of companies dependent upon that labour force. This has been happening in some very economically successful urban regions, such as Silicon Valley, where house prices have become so high workers cannot afford to live there, and companies are relocating to lower-cost locations.

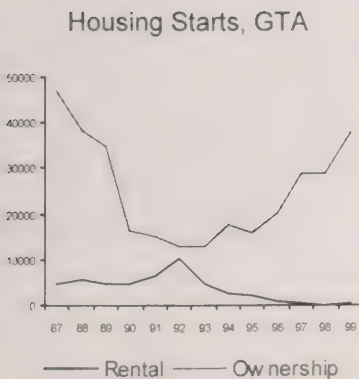
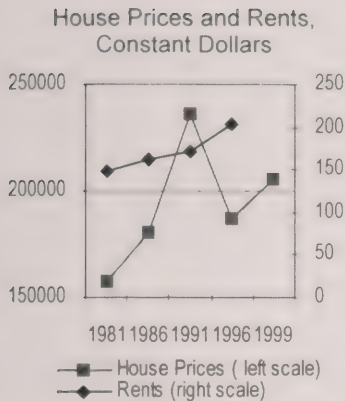
In the Canadian context, Toronto is neither the most nor the least affordable city for the average person. However, for low-income persons, only Vancouver is less affordable.

The Digital Economy
Domain Name Registrations, GTA



Community Affordability Index





Between 1991 and 1996, affordability fell slightly for the average person, but fell considerably for the low income person.

A big part of affordability is attributed to housing, which is generally the most significant single expense for households. Indeed, in the GTA, the percentage of households that spend more than 30 per cent of their income on housing rose significantly between 1986 and 1996. This was particularly true for renters.

Affordability for renters fell both as a result of a significant drop in real household income between 1991 and 1996, and an increase of 36 per cent in rent levels between 1986 and 1996 – in constant dollars. For homeowners, on the other hand, affordability actually *increased* during this period, as house prices fell even more dramatically than income levels, as a result of the dramatic drop in house prices associated with the recession of the early 1990s. Indeed, house prices in the GTA have still not regained the pre-recession peak prices of 1989.

The divergent affordability trends for renters and owners appear to be continuing in the latter half of the 1990s. The consumer price index for rents was 13 per cent higher (in constant dollar terms) in 1999 than in 1992, while the CPI for ownership housing was actually lower – that is, ownership housing has become cheaper in real terms during the same period.

This may be due in part to supply factors. Construction of new housing picked up significantly in the latter half of the 1990s, to reach about 38,000 units in 1999. During the same period, the supply of new rental housing fell from a peak of about 10,000 units in 1992, to a few hundred each year since 1997.

Equity

Despite the fact that the Toronto economy has been performing well in the latter half of the 1990s, the benefits of

economic expansion have not been equally distributed across the region, socially or geographically. In fact, the evidence suggests that the distribution of wealth in the Toronto region is becoming more unequal.

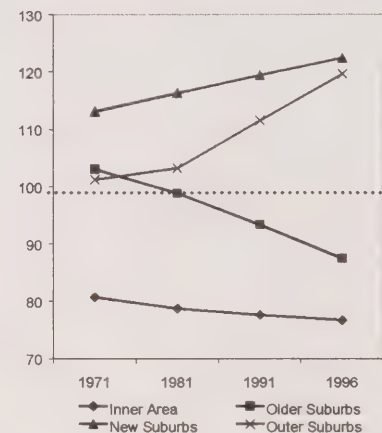
The incidence of poverty is higher in the GTA than in the province as a whole, primarily because of relatively high living costs here. Moreover, the proportion living below the poverty line increased significantly between 1991 and 1996 – from 14 per cent to 20 per cent. Poverty is most common among single parents, those living alone, recent immigrants and the disabled.

Toronto's index of income inequality increased by 20 per cent between 1981 and 1996, compared to an increase of 17.8 per cent for all metropolitan areas in Canada. Overall, the GTA has the third highest index of income inequality in Canada, after Montreal and Winnipeg.

Even without the effects of increasing income polarization in the GTA as a whole, the region has been becoming a more economically segregated place. Since 1971, incomes in the inner area and older suburbs have declined relative to the regional average, while incomes in the outer and new suburbs have increased. Individual neighbourhoods are also becoming more economically homogeneous, as a process of residential “sorting” is underway.

It is important to note that it has been possible to track the trends described above only to 1996. Since then, of course, there has been significant economic recovery, as described earlier. In addition, there has been considerable restructuring in the nature and delivery of government programs, including welfare, unemployment insurance, social housing etc. Both of these factors will have had important effects on the trends described above.

Median Household Income relative to GTA median (=100)



Education, Safety and Health

As mentioned above, education levels have been improving in the GTA, which bodes well for literacy, as education has been identified as the most significant determinant of literacy in Canada.

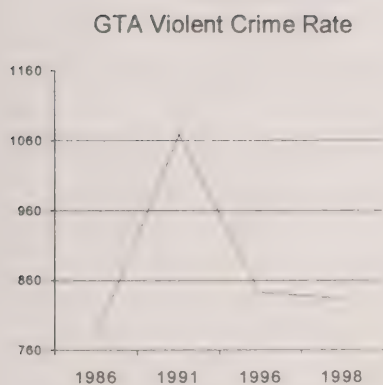
Not surprisingly, literacy in English or French is significantly lower for those whose mother tongue is not one of those two languages.

This is especially relevant in the Toronto region, where immigration plays such a significant role in population growth and composition. Even though younger immigrants generally have higher levels of educational attainment than the Canadian-born population, their (at least initial) lack of fluency in one of the official languages means poor literacy performance.

Ensuring access to language training is therefore critical in the GTA, in order to provide appropriate opportunities for this otherwise well-educated segment of society.

Personal safety and security are essential to the quality of life in the region. Moreover, a safe community is a potential competitive advantage that the GTA may offer over other North American cities. As in the case in many cities, crimes of all kinds are on the decline. Rates of violent crime, for example, have declined significantly since 1991.

The overall health of GTA residents under 75 appears to be improving. This could be the result of more healthy living, i.e. reduced smoking, improved nutrition and medical care. However, the age profile of GTA residents is changing rapidly, with the population over 75 a growing proportion. Accordingly, in the longer term, improvements in the health of GTA residents is occurring in tandem with a trend to larger numbers of elderly persons, who are more prone to health problems. This has important implications for the provision of health services in the Region.



Transportation and Urban Form

Travel demand – especially automobile travel and truck travel – has increased dramatically in the GTA between 1986 and 1996, by about 30 per cent. This compares with population growth during the same period of 21 per cent.

The use of public transit, on the other hand, has remained relatively steady in absolute terms, but represents a declining share of all travel, falling from 17.4 per cent in 1986 to 14.6 per cent in 1996. Meanwhile, road capacity increased about 7 per cent during the same period, leading inevitably to increased congestion.

With respect to the *purposes* of travel, the period 1986–1996 saw a relative shift away from work-related journeys and towards so-called discretionary journeys, i.e., journeys for shopping, socialization, and recreation.

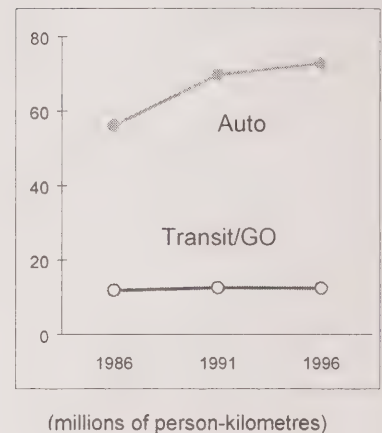
The growth in the overall amount of travelling by car between 1986 and 1996 had three fundamental causes:

- there were more people in 1996,
- each person on average made more journeys by car in 1996, and
- each journey was longer on average in 1996.

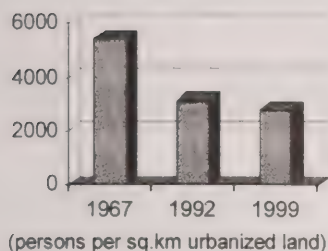
Increases in the numbers of automobile trips per person and in average trip length could be related directly to the ongoing decline in settlement densities.

Indeed, as it has added population and employment between 1967 and 1999, the urbanized area of the GTA increased 3.6 times, compared with a population increase of only 1.9 times between 1967 and 1999. Over the same period, the GTA's gross population density fell by almost half, from about 5,400 residents per km² of urbanized area to 2,800 residents per km².

Total travel per Weekday, GTA



GTA Gross Population Density



This is primarily because newly urbanized areas have been developed at progressively lower densities – at about 1,900 residents/km² between 1967 and 1992 and 1,700 residents/km² between 1992 and 1999. Non-residential densities have likely fallen at faster rates than residential densities, but we do not at present have good data on this.

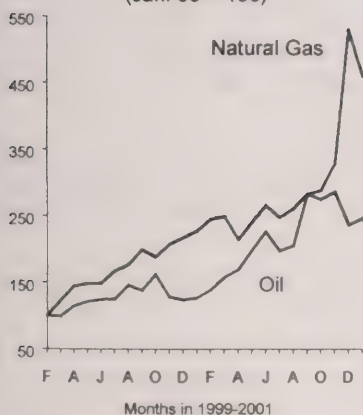
Given expected growth of roughly two million people over the next 20 years or so, issues of urban form, density and the location of new growth will become even more critical, particularly as urbanization continues to result in the loss of prime agricultural land and pressure for development on the Oak Ridges Moraine increases.

The Environment

The quality of the environment is a concern throughout the GTA. In settled areas the major issues are to do with the health and well-being of GTA residents.

In these areas and in the more extensive natural and agricultural areas of the GTA, there are numerous issues to do with ecosystem health, i.e., the extent to which wide varieties of plant and animal species can flourish in supportive environments. Environmental quality is also an increasingly important economic factor in determining the attractiveness of the region to the highly skilled, mobile labour that drive the new economy. The region's performance on the environment ranges from issue to issue.

At present, good, region-wide data on the use of energy in the GTA is not available. Data for the City of Toronto show that consumption of both oil and natural gas has been essentially constant over the period 1988-99. Recent national research suggests that the residential sector's share of energy use has declined, while that of other sectors, particularly industry and transportation, has increased. Increased energy efficiency

Energy Prices
(Jan. 99 = 100)

was offset by increases in population and energy-intensive activities.

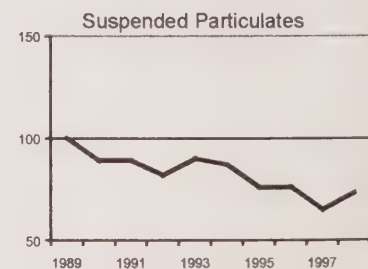
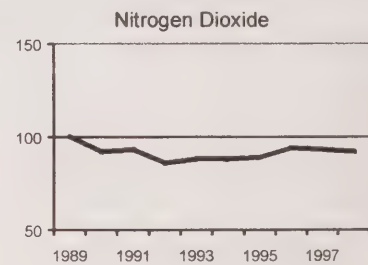
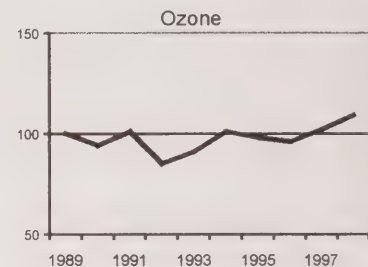
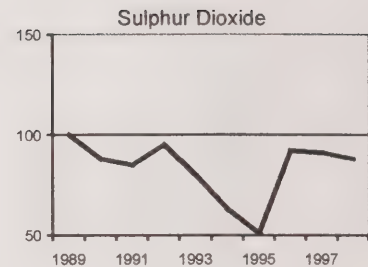
Recent price instability provides strong initial signals of emerging changes in energy availability. Should large increases in fuel prices continue, places where there has been attention to reducing energy dependence will show a competitive advantage over places where there has been no such attention.

The use of energy is of course closely linked to air quality. In some respects, the quality of the GTA's air is improving, notwithstanding the growth in population and economic activity, and the even larger growth in transport activity, the main source of most of the GTA's air pollution. The number of days considered to have poor air quality has a possible declining trend, and average levels in the air of many of the major pollutants are falling.

A significant exception to the declining trends is ground-level ozone (a form of oxygen), which damages all living things and many materials and is the main constituent of smog. The number of smog-alert days has a possible increasing trend, as does the average concentration of ozone in the air.

Local and regional governments in the GTA do not have direct responsibility for air quality. However, many actions of municipal governments, particularly in relation to transportation and land use, can have a considerable effect on the quality of the GTA's air.

With respect to water quality, the quality of piped water in the GTA is high, particularly in relation to world standards. However, there are potential issues concerning the high *quantities* consumed, the relatively high inputs of chemicals and energy to purify and distribute the water, and resulting burdens on sewage systems. This may occur in part because by world standards, the price of water in the GTA is relatively low.



On the other hand, increasing attention is being focussed on the quality of surface and ground water in the region. Models are being developed to assess the extent of degradation, such as that used in Halton Region, which found that about half of the lengths of the watercourses studied are impaired. The impairment is associated with agricultural activity and with residential and commercial development.

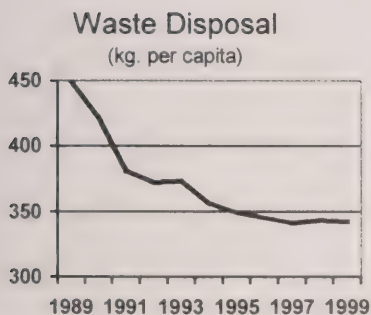
There appears to be a positive trend regarding waste disposal in the GTA. Estimated disposal per capita has fallen sharply, from 450 to 340 kilograms per capita between 1989 and 1999, with an indication that it has leveled off during the last few years.

Aggressive programs to encourage recycling and composting have been implemented throughout the GTA and have no doubt been effective in preventing increases in the amounts sent for disposal.

A more important factor may be economic activity, with which waste production is strongly correlated. The increases in total waste generation seen in the late 1990s may indicate the off-setting of the effects of diversion programs by waste production resulting from growth in economic activity.

The disposal trends discussed above apply to residential and municipal waste only. Commercial waste, and that from most apartment buildings, is handled privately, and there are scant data available.

The current use of distant landfill sites for disposal of commercial and industrial waste incurs a large environmental cost. It also makes the GTA vulnerable to political action elsewhere that could deny access to disposal sites on which it has come to depend. While ambitious targets for the diversion of municipal waste from disposal are being set across the GTA, little attention is being paid to reducing the initial generation of waste, although this may potentially be a more important factor.



As the issue of waste disposal suggests, activities within the GTA can have environmental impacts far beyond the region's borders. Two other important global environmental impacts of activities in the GTA come from:

- emissions of greenhouse gases during combustion of fossil fuels and
- the release of substances that deplete the stratospheric ozone layer (such as chlorofluorocarbons, or CFCs).

There are no good recent estimates of the extent of either kind of emission in the GTA. The partial data available place Toronto at the high end of carbon dioxide emissions amongst the OECD countries.

Emissions of ozone-depleting substances are likely to have fallen throughout the GTA during the 1990s on account of a general phasing out of the most potent of them in general use (CFCs) and their replacement in air conditioning units by less ozone-depleting substances.

Where do we go from here?

In sum, the region has been performing well on a number of fronts. Very high levels of population growth demonstrate that this is a desirable place to live, and performance on a range of economic social, and environmental indicators positions us well for the future. However, a number of other issues expose ongoing problems, emerging issues and potential vulnerabilities that require attention and effective, co-ordinated responses. These include:

- current urban development patterns, particularly in the face of projected rapid population and employment growth, requiring, in part, more attention to be focused on development patterns of commercial and industrial lands

- a worsening transportation problem, which requires attention to urban form, investment and demand management (particularly non-commuting auto travel and freight travel)
- the not-so-distant future financial burdens of increasing social dependency, particularly tied to an aging population
- increasing polarization within the GTA between inner and outer areas, between neighbourhoods, and between renters and owners
- energy use and dependency under sustained high prices.

This review has assessed where the GTA stands on a limited number of key indicators. The scope and effectiveness of this exercise is only as good as the data and analysis upon which it is based. There are gaps in data availability at the regional level on a number of important fronts. For the next *State of the GTA in 2003* report, we strongly recommend that mechanisms be put in place to allow the continued collection of the following key pieces of data:

- social well-being and levels of social assistance
- private and public sector investments in fixed capital and infrastructure
- availability and use of venture capital
- all aspects of freight transport throughout the GTA
- locations of expansion and proposed expansion of the urbanized area
- non-residential densities (commercial, industrial, institutional)
- percentage of new housing and employment on already-urbanized land vs. greenfields sites
- health, including mental health
- water quality (surface and ground water)

EXECUTIVE SUMMARY

- water consumption per person per day (domestically, and for other purposes)
- commercial and industrial waste generation
- measures of biodiversity
- energy use, and global environmental impacts of GTA activities.

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